



Request for City Council Committee Action From the Departments of Public Works and Finance

Date: November 17th, 2003
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Barb Johnson, Chair Ways & Means Committee
Subject: **Payment of \$8,000,000 to MnDot for Third Avenue North (TAD) garage revenues for MnPass project related activities**

Recommendation:

- 1) The Department of Public Works recommends that the City Council transmit payment of \$8,000,000 from TAD parking garage revenues to MnDot for I-394 MnPass High Occupancy Toll (HOT) lanes in accordance with the Maintenance and Operation Plan for the TAD garages.
- 2) The Department of Public Works recommends that the City Council amend the 2003 operating budget in the Municipal Parking Fund by increasing funds 7500-685-TAD4 by \$852,155, and 7500-685-TAD5 by \$2,788,329, and 7500-685-TAD7 by \$4,359,516 for a total amount of \$8,000,000.

Previous Directives:

- June 30, 1989, – The City Council passed resolution 89R-265 and resolved that the City would manage the TAD garages in accordance with the Maintenance and Operation Plan and the Management Agreement for the I-394 Parking Facilities with MnDot.

MnDot has determined that the expenses for the HOT lane program are discretionary operating expenses under Section IV-C of the Plan and are eligible for funding from TAD garage revenues.

Prepared by: Michael W. Sachi, Parking and Skyway Systems Engineer, 673- 2159

Approved by:

Klara A. Fabry, P.E., City Engineer, Director of Public Works

Patrick P. Born, Director of Finance

Presenters: Michael W. Sachi, Parking and Skyway Systems Engineer

Financial Impact (Check those that apply)

☐ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

☐ Action requires an appropriation increase to the Capital Budget

☒ Action requires an appropriation increase to the Operating Budget

☐ Action provides increased revenue for appropriation increase

☐ Action requires use of contingency or reserves

☐ Other financial impact (Explain):

☐ Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

The \$8,000,000 will be used to fund a portion of the new MnPass program, which will convert the I-394 high occupancy vehicle lanes into pay-per-use, high occupancy toll (HOT) lanes that will allow single occupancy drivers to use the High Occupancy Vehicle (HOV) lanes for a fee. Drivers of single occupancy vehicles, currently restricted from using I-394's HOV lanes, could choose to use the MnPass lanes by paying a fee. The lanes will also remain open to high occupancy use, so transit riders, motorcyclists and carpools will continue to use the lanes free of charge.

The Maintenance and Operations Plan for the I-394 Third Avenue Distributor Garages describes how garage revenues will be disbursed. Mandatory expenses include the daily operation, routine maintenance, administration of the TAD garages and annual contributions to a fund paying for periodic major maintenance. These expenses will be paid first. Remaining revenues may be used for discretionary operating expenses, which are outlined in Exhibit A. The MnPass program has been determined by MnDot to qualify as a discretionary operating expense under the plan.

Exhibit B is a portion of the 2001 State Auditor's annual report for the TAD garages, (which is the most recent audited statement of TAD garage revenues) and it indicates a net retained earnings amount of \$9,925,523 on December 31, 2001. This indicates that there is a sufficient cash balance to fund the \$8,000,000 request from MnDot, and still leave adequate funds for operating equity.

Exhibit C is a document prepared by MnDot presenting recommendations for how the excess TAD revenues are proposed to be disbursed, and shows a projected unreserved retained earnings balance at the end of 2003 of \$10.861 million. The MnPass project is the primary recommendation, and the \$8,000,000 request is in line with this request.

Exhibit A – Operation and Maintenance Plan excerpt

Exhibit B – 2001 State Auditor's report, Exhibit 2

Exhibit C – MnRamps Executive Summary